GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:746
ANSWERED ON:21.02.2003
ROLE OF INDEPENDENT DIRECTORS IN COMPANIES
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Naresh Chandra Committee has submitted its Report on the Corporate Administration;

(b) if so, the recommendations made by the Committee on the role of independent directors; and

(c) the reaction of the Government thereto?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) Yes Sir.

(b) & (c) The committee has broadly recommended that independent directors should be able to speak in the interest of shareholders and discharge their fiduciary oversight functions. The Government is taking steps to define `independent directors` in the Companies Act, 1956.